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ENVIRONMENTAL COMMITTEE TESTIMONY

By Stan Sorkin, President

Connecticut Food Association

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TESTIMONY IN OPPOSITION TO H.B. NO. 6033

AN EXPANDED FORCED DEPOSIT BILL IS BAD FOR CONNECTICUT

Chairman Albis, Chairman Kennedy and Members of the Environmental Committee. My name is Stan Sorkin, President of the Connecticut Food Association. I am testifying in opposition to **H.B. No. 6033: An Act Concerning the Inclusion of Juices, Teas, and Sports Drinks under Connecticut's Bottle Bill**

The Connecticut Food Association is the state trade association that conducts programs in public affairs, food safety, research, education and industry relations on behalf of its 240 member companies—food retailers, wholesalers, distributors, and service providers in the state of Connecticut. CFA's members in Connecticut operate approximately 300 retail food stores and 150 pharmacies. Their combined estimated annual sales volume of \$5.7 billion represents 75% of all retail food store sales in Connecticut. CFA's retail membership is composed of large multi-store chains, regional firms, and single store independent supermarkets. CFA's 90 associate members include the supplier partners of its retail and wholesale members.

I am here today to voice the Connecticut Food Association's (CFA) strong opposition to H.B. No.6033 which would expand the beverage container system to include juice, punch, sports drink, and tea containers.

The Connecticut Food Association supports a 21st Century comprehensive environmental policy that balances environmental concerns with economic costs, especially as they affect the grocery industry- an industry that operates at 1 to 1.5% profit. You cannot look at this issue in a vacuum but look at the myriad of laws and regulations that have added to our cost of doing business in the state- minimum wage, workers' compensation, unemployment insurance, paid sick leave, beer permit increases, Affordable Care Act, and GMO labeling.

As Bryan DeVoe, the owner of Fitzgerald's Foods in Simsbury, when asked what was his major concern about the future of the grocery industry in Connecticut, stated, "Lack of support for retailers from politicians with regard to new laws effecting costs. The belief that store owners can continue to absorb extra costs...and unlike manufacturers we cannot pack up and move our business from CT."

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Unfortunately, over the past months, three long time independent stores- Bloomfield Sav-Mor, Ancona's Market (Ridgefield), and Roger's Marketplace (Kensington) have fallen victim to CT's business climate and have closed their doors.

The expansion of the forced deposit system to water has borne out that:

- An expanded bottle bill is an outdated 1970's approach to a litter issue and does not achieve a 21st century solution to the total recycling goals of the state that an expanded single stream curbside program achieves. The environmental impact is almost too small to measure with a projected change of less than 9/100ths of one percent in the state's recycling rate.
- Many towns have adopted single stream recycling with very positive fiscal results- reducing tipping fees and generating revenue from recyclables. The big blue bins have been overwhelmingly well received by residents. Removing these recyclables from curbside would reduce scrap revenue for municipalities.
- It costs \$150 per ton to operate a simple curbside recycling system. It does not make sense to replace it with a system that costs \$5000 per ton to operate. Expanding deposits to additional containers is over 40 times more expensive than recycling these containers curbside.
- Supermarkets lose 2-4 cents per container on every container handled and expansion would only increase our costs as well as require additional space. These costs will be passed onto consumers in the form of higher prices.
- The 2009 expansion to include water bottles in the deposit system can hardly be called a success. In 2013, the total number of containers redeemed in CT was actually 10% lower than it was before expansion and the state has the lowest redemption rate of any of the 10 deposit states at 53%. Revenue from escheats was less than projected.
- The windfall in unclaimed forced deposits for the state comes at the expense of consumers who prefer to recycle at home and therefore are really paying a tax not a deposit.
- The expansion to water resulted in higher costs to the retailer from the water manufacturers as they had to recover their costs that they experienced from implementing the container return system. These costs were passed onto the consumer. Sales of bottled water decreased. Expect the same scenario when the bottle bill is further expanded.
- Requiring consumers to store and return bottles is inconvenient, unsanitary, and time consuming. Realize that juice, sports drinks and tea containers would be returned dirty increasing the chance of contamination of shopping carts and bottle rooms and thus creating a health and food safety issue.
- This is no longer a litter issue. When is the last time you have seen ½ gallon juice bottles or orange juice containers on the side of a highway or on a ball field?
- In recent years, drug stores, dollar stores, mass merchants, and gas stations have become major sellers of soda, water, and other beverages. Bottle returns from these classes of trade end up being redeemed at supermarkets increasing our costs of operation.
- Connecticut would be the only state in the region that will have an expanded bottle bill to juice, sports drinks and teas. This would lead to over- redemption, create incentives for fraud,

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and make Connecticut supermarkets the garbage dumps for containers from our border states-New York, Massachusetts, and Rhode Island. The funds to cover this over-redemption would come directly out of the unclaimed nickels that the state is expected to use to fight the budget deficit.

- The majority of the new covered products are not distributed through a direct store delivery system but through distribution centers such as Bozzutos, Wakefern, and C&S that serve multi-state customers. This would require dual warehouse slot locations for these products, create accounting and redemption return system problems, and dramatically add to their cost of doing business in CT.
- In 2014, Massachusetts residents soundly defeated a ballot initiative which would have expanded forced deposits to water, sport drinks, and teas. Are Connecticut residents any different?

In addition to expanding deposits to 100's of products that you would find in a grocery aisle, the term "carton" is included in the definition of a "beverage container" which means deposit expansion to noncarbonated beverages found in the dairy aisle. As documented by the water experience, this action would lead to increased cost of 10-50 cents per unit of these products for Connecticut consumers. Moreover, higher prices would lead to lower retail sales on these beverages putting pressure on supermarkets profits and cause potential loss of jobs.

Current reverse vending machines do not handle the multiple sizes and shapes of juice containers and more specifically juice cartons. It is estimated that 45% of these products, would have to be handled manually outside the reverse vending machine system causing a major inconvenience to our customers and an increase in labor costs to the retailer.

This is not the time to add to the cost of groceries for Connecticut's consumers. With consumer's budgets being strapped and SNAP benefits being cutback, expanding the bill to more noncarbonated beverages is bad public policy.

The emphasis should be on the cost effective system that prioritizes 21st century curbside single stream recycling not an antiquated bottle bill. As a matter of fact, the state of Delaware has passed a comprehensive recycling law that repelled its bottle bill and providing for the statewide expansion of single stream recycling and that state's recycling rate is projected at 50% in 2015 far exceeding that of Connecticut.

Last year, Governor Malloy introduced Governor's Bill No 27- An Act Concerning Connecticut's Recycling and Materials Management Strategy. This act looked to modernize the state's solid waste management infrastructure, promote organic materials management, and more. Comprehensive recycling is the future of sound environmental policy that recognizes the big picture!